

Supplemental Reporting Document
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August 2006 Investment Committee Meeting
(June 2006 Reporting Period)

Activity Reports

Alternative Investment Management (AIM) Program
Risk Managed Absolute Return Strategies Program
Real Estate Opportunistic Program

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Investment Office

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August 14, 2006

SUPPLEMENTAL ITEM

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. SUBJECT:** Activity Reports
- II. PROGRAMS:** Alternative Investment Management (AIM)
Risk Managed Absolute Return Strategies (RMARS)
Real Estate Opportunistic (REO)
- III. RECOMMENDATION:** Information only
- IV. ANALYSIS:**

Staff from AIM, RMARS, and REO are required to report the status of investment proposals received by their respective program on a monthly basis. Staff from these areas have prepared activity reports for the month of June 2006.

V. STRATEGIC PLAN:

Goal VIII: Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and second, to minimize and stabilize contributions.

Members of the Investment Committee
August 14, 2006
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VI. RESULTS:

Attached are results containing the status of investment proposals received by AIM, RMARS, and REO.

Matthew Flynn
Division Chief

Anne Stausboll
Assistant Executive Officer

Russell Read
Chief Investment Officer



***** OPEN SESSION MATERIAL *****
AIM PROGRAM
SUMMARY MONTHLY REPORT: PROPOSALS IN PROCESS
REPORT PERIOD: 6/1/2006 TO 6/30/2006

| ACTIVITY SUMMARIZED | ACTIVITY FOR REPORT PERIOD | 2003 | 2004 | 2005 | 2006 YTD | Since Program Inception |
|---|-------------------------------|------|------|------|-------------|----------------------------|
| <u>INVESTMENT ACTIVITY</u> | | | | | | |
| Investment Proposals Entered | 41 | 298 | 381 | 316 | 133 | 5914 |
| Declined/Referred/Failed to Materialize | 8 | 206 | 223 | 429 | 70 | 4663 |
| Deals in Screening | 94 | 298 | 397 | 318 | 133 | 2928 |
| Due Diligence Reviews | 28 | 25 | 65 | 59 | 33 | 563 |

Notes:

- Current YTD information is through the end of the report period.
- Deals in Screening and Due Diligence reviews for the activity report period represent deals remaining in Screening and Due Diligence at the end of the report period. For all other time periods, deals in Screening and Due Diligence represent deals which entered Screening or Due Diligence during that time period.

June 2006

| MANAGER ACTIVITY | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | Since Program Inception |
|---|------|-------|------|-------|-------|-------|-------------------------------|
| Information Received | 88 | 170 | 181 | 59 | 59 | 32 | 589 |
| Declined | 34 | 81 | 108 | 12 | 7 | 1 | 243 |
| Screening | 48 | 80 | 72 | 45 | 58 | 31 | 334 |
| Full Due Dilligence Review | 0 | 15 | 1 | 5 | 22 | 30 | 73 |
| Approved by ARS Board | 0 | 13 | 1 | 5 | 22 | 30 | 71 |
| MANAGER AMOUNTS (\$ in millions) | | | | | | | |
| Funded | \$0 | \$485 | \$95 | \$149 | \$783 | \$837 | \$2,348 |

Real Estate Investment Office
Opportunistic/International Fund Program
August 2006
(June Activity)

| Fund Name | Date Closed | Product Type | Sector | | Allocation Committed | Net Expected Return |
|----------------------------|--------------------|-----------------------|---------------|--------------|-----------------------------|----------------------------|
| Hines China Fund | Jun-06 | All Property Types | International | | \$100,000,000 | 17-20% |
| PRECO III | Jun-06 | All Property Types | Opportunistic | | \$100,000,000 | 15-17% |
| The Towers on Capitol Mall | Jun-06 | Residential/Mixed use | Opportunistic | | \$100,000,000 | 21.0% |
| Next Block Medical Fund I | Jun-06 | Residential/Mixed use | Opportunistic | | \$100,000,000 | 18.0% |
| | | | | | | |
| | | | | Total | \$400,000,000 | |